

## MURANG'A COUNTY ASSEMBLY THE HANSARD

Thursday, 21<sup>st</sup> July 2016

The House met at 2:47 p.m.

*(Temporary Speaker Hon. Bernard Kariuki in the Chair)*

### PRAYERS

### COMMUNICATION FROM THE CHAIR

#### PURCHASE OF TRUCKS BY THE COUNTY GOVERNMENT

**Temporary Speaker (Hon. Bernard Kariuki):** Hon. members I wish to communicate the following message from the office of the governor signed by the County Secretary Patrick K. Mukuria. The County Secretary wishes to make the following communication; reference, model for roads construction in the financial year 2016/2017. We draw your attention to the earmarked construction of roads throughout the county in the financial year 2016/2017.

After conducting a cost benefit analysis of the projects we shall utilize resources more prudently by buying 35 trucks, that is one truck per ward rather than hiring trucks.

These trucks will become assets of the county government which will be used to render other services to the public after the completion of the roads construction. This letter is therefore to seek your concurrence in the aforementioned.

That is the communication of the county government to the Assembly.

### MOTION

#### REPORT OF THE BUDGET AND APPROPRIATIONS COMMITTEE ON THE FIRST HALF BUDGET IMPLEMENTATION REPORT FOR THE FY 2015/2016 BY THE CONTROLLER OF BUDGET

**Hon. Joseph Muchina:** Thank you Mr. Speaker----

*(Loud consultations)*

**Temporary Speaker (Hon. Bernard Kariuki):** Order! Members, can you consult in low tones to allow the mover to move.

**Hon. Joseph Muchina:** Thank you Mr. Speaker. Allow me to move the motion that;

This Assembly adopts the report of the Budget and Appropriations committee on the first half budget implementation report for the fiscal year 2015/2016 by the Controller of Budget laid on the table of the Assembly on Tuesday 21<sup>st</sup> June 2016.

I want to highlight the key areas that form the basis of the Controller of Budget (COB) report. In accordance with article 228 (6) of the Constitution of Kenya 2010, that requires the Controller of Budget to submit to each House of parliament a report on implementation of budget of national and county government every four months, the committee held a series of meetings where the said report was examined in detail to identify various principles that inform the office of the Controller of Budget in its work and the pertinent issues underlined in the implementation of the budget in Murang'a county, so as to draw appropriate recommendations to that effect.

We did this so as to establish the analysis of expenditure revenue for the half year in the financial year 2015/2016. We were also to establish the absorption capacity for the key items for

the half year in the financial 2015/2016, also to identify the challenges that inhibited budget implementation during the half year in financial year 2015/2016.

The committee scrutinized the report and after a through scrutiny we found out that the county has an approved annual budget of Kshs 6.9 billion comprising of Kshs 3.55 billion which implies to 51.4% that is for the recurrent and 3.35 billion which is equivalent to 48.6% for the development expenditure.

During the first half of financial 2015/2016, the county received 2.28 billion as the national equitable share from the national government, Kshs 12.41 million as grant from Danida, 34.36 million as conditional allocation for fuel levy fund. 32.75 million as conditional allocation for free maternity health care, 821 million as conditional allocation and we had collected 220.17 million from local revenue and had 432 million as cash balance carried forward from financial year 2014/2015.

Mr. Speaker as at first half, the total expenditure amounted to 2.92 billion which was 98.9% of the funds released. The county spent 1.64 billion; that is 52% on recurrent expenditure activities and 1.28 billion which is 98.9% on development activities.

Mr. Speaker, recurrent expenditure was 99% of the funds released for recurrent activities. While development expenditure was 98.9% of the funds released for development activities,.

Because I believe the report I am having here is comprehensive, I know it is in the members file and also in their email. It is also good to inform you that the analysis of the recurrent expenditure shows that the county spent 1.13 billion on personnel emolument and 323.8 million on operations and maintenance. The amount on personnel emolument-----

*(Hon. Duncan Njuguna rose on point of order)*

**Hon. Duncan Njuguna:** Mr. Speaker sir, is it in order for the Hon. member from Kangema constituency to chew in the chamber? Because I tend to think that the only thing that we are supposed to take here is food and water.

**Temporary Speaker (Hon. Bernard Kariuki):** Who is that member? Because we have Majority leader who is also from Kangema.

**Hon. Duncan Njuguna:** Hon. Lucy Wangechi.

**Temporary Speaker (Hon. Bernard Kariuki):** Hon. Lucy has been made aware of her sin.

**Hon. Joseph Muchina:** I would also request through you Mr. Speaker the members to concentrate because what is here before us it is a monetary report.

I was saying that the amount of personnel emolument accounted for 79.9% of the total expenditure, while that of operations and maintenance accounted for 19.8% of the total expenditure. The amount spent on development expenditure for the period under review comprised of the program and if you go to the report on page five, you can see there is a table there below indicating the programs and the amount. That table is self-explanatory and I do not need to go through it.

From the development expenditure analysis under the period under review, it is good to note that energy, transport water and infrastructure departments had the highest expenditure of 347 million, and as I inform you this, it is so unfortunate that this money as the budget committee we cannot tell which projects were implemented using this amount within the said period.

But that notwithstanding, the amount was spent on operations and maintenance of access roads, markets, water and other related projects. The second highest expenditure of 12.45 million

was incurred by the health department, out of which 246.7 million was incurred on curative services.

Mr. Speaker, the department of youth, culture and social services and co-operatives incurred 155.59 million on the milk development value chain program. The department of finance spent 120 million on repayment of bank overdraft facility that was classified as development item.

Mr. Speaker you can see there on page six, there is also a table on recurrent expenditure and all the departments were indicated there. The entire approved recurrent budget in millions; there is that total requisition in millions; total expenditure and so on you can see.

Allow me now to highlight some challenges that inhibited implementation during the first half of the financial year 2015/2016.

One of the challenges is under performance of local revenue against the target. The county raised 220 million against an annual target of 850 million and this is the reason that was guiding us when we were making the budget that we had already approved. We had tried to reduce the said target, for local revenue but it did not do much because of some unavoidable circumstances.

The other challenge was in the enactment of the Finance Bill, which may affect the realization of the local revenue target. This is the work of the finance committee and I think they will fast track on this Finance Bill and bring it to this House for approval.

The other challenge is transfer of funds to commercial banks by the County Assembly; that has enabled use of manual systems to process financial transactions. This is prone to abuse and is against the set standards of processing financial transactions. Currently, I cannot report to you the progress on that.

Mr. Speaker, after identifying and deliberating on the challenges, the committee made the following recommendations:-

1. The County Treasury should ensure equitable distribution of fuel levy funds across all the wards in the budget of the financial year 2016/2017. We did this before we brought the report of the budget of this financial year, this was captured on how to distribute the money meant for projects in all the Wards from the fuel levy fund.
2. The Clerk of the County Assembly, together with the Speaker, should ensure that the County Assembly Development Account is finalised with the respective authorities to enable acceleration of development funds in the Assembly. I think that this is in progress.
3. The committee should invite the County Assembly Clerk to come and defend the Assembly budget for financial year 2016/2017. This appears to be overtaken by events because the Clerk came and defended the budget.
4. The County Treasury should devise strategies to enhance local revenue collection. Although this information is not confirmed, reliable sources informed us that the County Treasury is in the process of automating the local revenue collection. We are therefore expecting that this will be done.
5. The County Treasury should fast track enactment of the Finance Bill to provide the requisite framework for revenue collection. As I said earlier, this is for the chairman of Finance and his committee to fast track this.
6. The County Assembly should adopt the IFMIS spending framework as spelt out in the Public Finance Management Act, 2012 in order to enhance transparency and accountability on the use of public funds.

Mr. Speaker, those are the many recommendations that the committee came up with. With those many remarks, I also want to hear the opinion of the members. I therefore call upon Hon. Wakuthii, who is a member of the Budget and Appropriations committee to second.

**Hon. Rosemary Wakuthii:** I represent Gaturi ward and I second the report.

*(Question proposed)*

*(Loud consultations)*

**Hon. Duncan Njuguna:** Thank you Mr. Speaker, I thought that you gave a communication to this House regarding the buying of the trucks and, therefore, defend me from the Majority Leader and his colleagues.

I have reservations of this report because the mover has talked of some recommendations or items being overtaken by events. They are overtaken by events and the report has been tabled in this House. He should maybe have moved amendments on the same.

All the same, recommendation 5.3 states that the committee should invite the County Assembly Clerk to come and defend the Assembly budget for 2016/2017. Although he has said that it has been overtaken by events, it is not the work of the House to approve or recommend that the committee should invite the County Assembly Clerk, that is the work of the committee and it did that. I therefore do not see the reason why it should be a recommendation for this House to approve.

Number 5.1 recommends that the County Treasury should ensure there is equitable distribution of fuel levy. He has also said that it has been overtaken by events. The report regards the first half of the year 2015/2016; that is July 2015 to December 2015 and there is the other half- January 2016 to June 30, 2016. Therefore, the recommendation should have been that the remaining part of the year, the fuel levy should have been well distributed.

On the Finance Bill, it is not the work of this House to approve a recommendation that it should be fast tracked; that ne is there in the Finance Act and it is the mandate of the Finance committee to ask for it. On the last one, if the County Assembly has not adopted the use of IFMIS; it is pathetic. The IFMIS system was installed in November last year, therefore whether development or recurrent, the money utilized should be through the IFMIS, if this is not done, then it is against the Act.

With those few remarks, I oppose it, I am a committee member but I had not signed because I had not seen it.

**Hon. Gachui Mungai:** Today I am a confused member of this Assembly. A report has been tabled and a motion moved by the chairperson of the Budget committee. The first debater opposed it, I stand to oppose the report since it seems it was a three man show.

At the back of this report, I can only see three members who have signed this report. It is clear that this report was not properly adopted by the committee; some members of the committee are opposed.

Since this is a serious document to this committee, I was proposing that members should reject this report. That committee must go back and come up with a clear report that will be supported by all its members. I stand to oppose.

**Hon. Peter Kihungi:** I stand to oppose the motion. The committee has a committee clerk who is the representative of the clerk of the Assembly in the committee. I do not know whether the committee wants the clerk of the Assembly to come to the whole House? I do not understand why this report which is a public document should have a recommendation for the clerk to appear and yet the clerk is represented in this Assembly.

They should have called the clerk to clarify; I really do not see what they want the clerk to do. I do not know who will call the clerk to clarify since he is the CEO, so the recommendation that the clerk should be in the committee should not arise.

If there is mistake, like transfer of funds that enabled use of manual system to transfer funds this was against government systems of funds transactions.

I think it should be very clear, whether there is a mistake or not. But when we put it as a recommendation in this House that we call the clerk, I find it not working well. We should have concluded with the clerk before we bring it to the House, I oppose the motion.

**Hon. Joseph Kimani:** I stand to support the motion. When the report was laid in the House, it was June 20. The recommendations that were there meant that we were in the budget preparation stage. I feel that my hon. members opposing it---

*(Hon. Duncan Njuguna rose on a point of order)*

**Hon. Duncan Njuguna:** Mr. Speaker, you have called the hon. member of the good people of Ithiru to either support or oppose, not to reply, The mover will get that chance, is it in order for him to reply and yet he is not the mover?

**Temporary Speaker (Hon. Bernard Kariuki):** Can you confine yourself to debate; remember you come from Kandara, just like the Speaker.

**Hon. Joseph Kimani:** Thank you Mr. Speaker for the guidance. I congratulate the budget committee, they have done a good job, if you check on how the mover has taken us through, we have tried to analyse the expenditures on the requisitioned money and the expenditure; they have done a very good because they have given also the variance as per the approved budget and also the variance as per requisition

Under the recurrent, we have the Health and Sanitation where they had spent more than what they had requisitioned because they had requisitioned 617.3 million while they had spent 781.6 million overspending by 164.3 million.

Education and training had requisitioned 73 million and they had spent 81.4 million overspending of 8.4 million.

When we come to development, the committee has done a good job because they have tried to see both the variances. Under agriculture, livestock and fisheries the requisition for that half year was 54.7 million while expenditure was 60.3 million overspending by 5.6 million.

The other one which had overspent was education and training where they had requisitioned 12.8 million and they had spent 135 million leaving an expenditure of 118 million.

Finance and IT had requisitioned 49 million and spent 127 million and we had overspending of 86 million which they said it was as a result of payment of overdraft which all members know there was an overdraft of 200 million.

When we come to the Assembly, you find that as per that time there was no requisition which was done for development and also public service and governorship.

On recommendations you find that as I had stated earlier, the report was made before 20<sup>th</sup> when the preparation of budget was being carried out. The committee had said that the Treasury should ensure that equitable distribution of fuel levy fund across the wards will be done. Even if that one did not happen that was the recommendation of the committee.

On issue of Assembly development, we understand that there was no account for development and the committee found it necessary to recommend that it should be finalized as soon as possible so that the COB should release the money.

Point number three, four and five the County Treasury, it is the mandate of the budget committee to see whether the county have realized the budget as pertains to local revenue. It is also a good recommendation that strategies should be made to enhance revenue. Automation is in process and the Treasury will inform us how far they have gone.

The Finance Bill is very important and that is why the budget committee has seen it wise to have it as recommendation. We are in the process of having it amended and I am sure it is going to come before the deadline.

I stand to support the report and urge the members to support this report.

.....(*Technical hitch, no recording*).....

**Temporary Speaker (Hon. Bernard Kariuki):** Hon. members the hon. member for Kihumbu-ini has raised a very important issue of procedure; that the report is not properly adopted.

Hon. chair for budget, I will take you to standing order 183 (2), the report of select committee having been adopted by the majority of members shall be signed by the chairperson on behalf of the committee.

183 (4) says a select committee shall adopt a report in a meeting attended by majority of its members. By way of indication under 7.0 it shows how the report was adopted.

Therefore in opinion of the Speaker that report was not adopted and it cannot stand the test of time. If the committee has not adopted the report, then the Assembly cannot go ahead and adopt, and therefore the chair for budget you retreat and do the necessary. Do a complete report that is going to be adopted by the committee, submit the report to House Business Committee for it to be allocated time. That matter needs to be settled at that because it is a procedural issue which cannot be overlooked.

**Hon. Joseph Muchina:** Thank you Mr. Speaker for your guidance but before I withdraw allow me to make a comment-----

**Temporary Speaker (Hon. Bernard Kariuki):** Order! The chair has ruled that the report is not properly adopted, it has to go back to your committee you adopt it. Because you have properly indicated in the report, adoption of the report and it is only five members who have adopted and you have not indicated that this is a minority report and therefore go back to committee, adopt it properly, submit the report to the House Business Committee.

**Hon. Joseph Muchina:** Mr. Speaker I think it was an oversight. For your information, allow me to give you information because we held a meeting at Kasarani Sports view where we discussed this report and in the Assembly committee room where we adopted the report. I think it was an oversight because we had new clerk who maybe never did a follow up with the members.

I withdraw the report and apologise for that mistake, I thank you.

**Temporary Speaker (Bernard Kariuki):** Hon. member for Gitugi that matter is settled and we hope that the report will be done correctly by the committee.

Hon. members before we move to the next order, with the respect of the County Secretary from the County Government I wish to communicate further the following that; pursuant to standing order 43 (3) when a message comes from the Governor or the Senate, that message will be deemed to have been laid before the Assembly and the Speaker may either;

- a) Direct the message be dealt forthwith
- b) Appoint a day for the consideration of the message

c) Refer the message to the relevant committees of the Assembly for consideration.

Therefore hon. members due to the importance of the content of this message, I refer this message to the relevant committee of the Assembly, that is committee on Transport, Infrastructure and Public Works so that they can report back to the Assembly. Due to the weight of the matter and how it affects the careers of the members of this Assembly, it is prudent that the committee reports back within reasonable time.

#### SUPPLEMENTARY ORDER PAPER NOTICE OF MOTION

**Hon. Gachui Mungai:** Thank you Mr. Speaker, but before I start I want to recognize the presence of Mugumo-ini primary school pupils and the teachers from Kahumbu ward, Kigumo constituency and I want to welcome them.

I beg to give the following notice of motion;-

Aware that part two of the Fourth Schedule of the Constitution of Kenya 2010, stipulates distribution of functions between the national and county governments and that cultural activities, public entertainment and amenities including county parks, cultural facilities and museums are devolved functions of the county, further aware that Murang'a has a rich cultural, socio- economic history and the same are conditioned in numerous books, documents, papers, photographs, paintings and other artefacts currently in the hands of institutions and individuals and that these items are important for preservation of our history, culture and education of our youths, cognizant of the fact that Murang'a County Assembly has a lot of unutilized land adequate for expansion and other cultural activities which will also enhance the prestige of the assembly. This House resolves that;

- 1.The Assembly sets aside a small portion of funds for construction of the gallery cum archive to house all those items to make them available for public viewing
- 2.That the Assembly sources funds from institutions and well-wishers for construction of the facility.
- 3.That the Assembly enacts a law to form an independent board to fund raise and manage the facility as a non-profit making entity
- 4.That this initiative in no way contradicts or interferes with the county government's initiative to operate museums that seek to supplement the same and involve effective public private participation.

Thank you Mr. Speaker.

#### ADJOURNMENT

**Temporary Speaker (Bernard Kariuki):** Hon. members the House is adjourned until Tuesday next week in the morning.

*The House rose at 3:32 p.m.*